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Dear IRT members,

We have completed our negotiations with all IRT members including the Corps' counsel. Attached is a matrix that summarizes nearly all comments from Corps' counsel that have been accepted and incorporated into the BEI. There are some additional, minor text edits such as punctuation, references, word choice, grammar, etc... that are not detailed in the attached matrix but are in redline in the documents. Many of the accepted changes only impact the Corps, while others, such as correction of errors, relabeling of references, flow throughout the BEI.

In addition, we learned that the USFS road easement described as title exception # 10 in the Elizabeth Lake title report has expired and this exception has been deleted by First American Title Company. Consequently, the alluvial fan areas that were encumbered by this now-extinguished easement (and the previously proposed realignment) are now available for crediting. This results in adding 3.44 acres of creditable habitats, primarily alluvial floodplain, back into the credit assessment. This change will result in slight increases to the number of 404, 1600, CEQA and SWHA credits in Area E.

Some of the major changes to the BEI documents that impact all IRT members are highlighted below:

C-1: Development Plan – change date annual report is due to December 15<sup>th</sup>

## D-2: Endowment Fund Analysis and Schedule

- Created 2 separate endowment accounts, the Easement Compliance (EC) Account and the Long Term Management (LTM) Account
- Total Endowment \$ funded does not change and the SCE Endowment (\$597,225 already funded and held by SRMA) is allocated between EC and LTM Accounts for Area A; none of the SCE Endowment counts towards credit releases as provided in the BEI
- The EC Account is funded prior to Bank approval; 50% of the EC Account is applied towards credit releases

The Endowment Funding Agreement is unchanged except for the inclusion of language describing the EC and LTM Accounts.

E-2: PAW – there were a number of typos, incorrect references, etc. that were corrected, so while there are a lot of redlines, no substantive changes were made.

We are making final edits to the BEI and all exhibits and should have the majority of the redlined documents to you tomorrow. However, all of the edits are summarized in the attachment, which we prepared in order to expedite your review of the final documents.

Our proposed schedule is as follows:

3/9/16 – Redlined documents sent to IRT members

3/15/16 – Deadline for comments/changes from IRT; execution documents prepared by WRA

3/16/16 – 3/25/31 – Documents executed by IRT members

Week of 3/28/31 – BANK APPROVAL

Sincerely,

Nate Bello

**PETERSEN RANCH MITIGATION BANK - EXPLANATION OF ALL CHANGES MADE TO BEI DOCUMENTS**

LOCATION OF COMMENT	Page/ Figure	QUESTION/COMMENT FROM CORPS COUNSEL	REVISION MADE
<b>Global</b>			
text edits	throughout	Relabeled all references to Property Owner to specify EL or PR Property	Provided a simpler change by defining in the Recitals of BEI that PR and EL Property Owners are together referred to as "Property Owner"
text edits	throughout	Relabeled all references to Property to specify EL or PR Property, and EL or PR Bank Property	Provided a simpler change by defining in the Recitals of BEI that PR and EL Property are together referred to as Bank Property
<b>BEI</b>			
	throughout	Removed "Property Owner" from responsibilities borne by "Bank Sponsor"	Change made
BEI: page 2	Recital E	RECITALS: Reorder recitals to put recital about SCE easement AFTER introduction of Bank Property	SCE description now is Recital F
BEI:page 2	Recital E	RECITALS: Provide a description of the SCE CE in Exhibit K	Added citation to specific Exhibit K-13 section
BEI: page 6	Definition	DEFINITIONS: Include "preservation" in activities conducted per Development Plan	Change made
BEI:pages 2 & 12	Throughout	RECITALS: Make it clear that although the Bank is being established in Phases, that the BEI covers entire Bank Par IV-E: Added clarifying language regarding Bank phasing	Provided a simpler change by Defining in recitals of BEI that sections apply to each area of the bank included in an approved phase.
BEI: page 12	Section IV.F	Sec IV-G: Modification of Development Plan MAY trigger an amendment	Change made
BEI: page 13	Section VI.A-D	Sec VI.A-D: Remove reference to casualty insurance	Change made
BEI: page 15	Section VI.E4	Sec VI.E.4: Provide receipt for endowment deposits	Change made
BEI: page 15	Section VII.A	Sec VII-A: Make reference to Development Plan Performance Standards for 404 Credit releass	Change made
BEI:page 16	Section VII.A	Sec VII-A(3): Deleted "If any or all IRT members choose not to conduct a site visit, the credit release can still occur"	Change made in Sec VII.A ONLY pertaining to 404 Credits.
BEI: page 25		Sec VII-E(2)b - Minor edits to Probate Code	Change made
BEI: page 32		Sec XII-A: Add "Catastrophic Events or Unlawful Acts" to title of section	Change made
BEI:page 39	Section XII.Q	Sec XII-Q: Corrected reference to CFR	Change made
<b>SERVICE AREA MAPS (EXHIBIT B-1)</b>			
B-1: Ex B-1.3	2	What are "each" of the CESA service areas? This lacks context.	References to each service area have been removed.
B-1: Ex B-1.4	2	What are "each" of the CEQA service areas? None are described.	See response to comment B-1:Ex B-1.3
B-1: Ex B-1.5	3	What are "each" of the 1600 service areas? None are described.	See response to comment B-1:Ex B-1.3
<b>SERVICE AREAS DESCRIPTIONS (EXHIBIT B-2)</b>			
B-2: Sec 2.1	4	Is there anything in writing indicating our District formally adopted SPK's guidance?	Modifying language to refer only to Final MMG
B-2: Sec 2.1	4	How do these types relate to the various service areas described below? Why are the "types" necessary if this term is not used again?	Revised to remove reference to the types and instead simply discuss criteria by which service areas are determined.
B-2: Sec 2.1	4	This is not an area description. Please revise.	Revised to remove discussion of what a tertiary service area may be used for.
B-2: Sec 2.1	4	Redundant with paragraph above. Is this necessary to restate?	Text deleted
B-2: Sec 2.1	5	The above discussion only mentions the SPK PN guidance. This seems to come out of nowhere. Why is this not included above?	Updated to reflect Final MMG
B-2: Sec 2.1	8	2.1 cites to both Sacramento District guidance and SPD guidance. Is this a correct reference as to the guidance and was actually considered?	See response to comment above
B-2: Sec 2.1	9	Above you cite the Sacramento District guidance. How was this guidance considered? And isn't this guidance final?	See response to comment above
B-2: Sec 2.1	9	That immediately above or the Sacramento District guidance. Please clarify.	See response to comment above
B-2: Sec 2.1	18	This exhibit also cites the SPD QMS. Please include as a reference document.	See response to comment above
<b>DEVELOPMENT PLAN (EXHIBIT C-1)</b>			
C-1: Exec Summary	i, Exec Summary	The BEI states the Bank is 4049 acres in all.	The acreage in the Development Plan is correct. The BEI acreage has been corrected.
C-1: Exec Summary	i, Exec Summary	Areas E and F are referred to as Phase 1 north and Phase 1 south and Phase 2 west and Phase 2 east in the legal description provided in Exhibit E. . Why are they not referred to differently?	A foot note has been added to clarify that Areas E and F are referred to differently in the title report.
C-1: text edits	p 18 PART I	Correct acreage amounts throughout Development Plan per comment above	Change made

LOCATION OF COMMENT	Page/ Figure	QUESTION/COMMENT FROM CORPS COUNSEL	REVISION MADE
C-1: Part I-1	p 18, Goal #4	Goal 4 revised to state that the activities will result in gaining & maintaining aquatic resources	Change made
C-1: Part I-1	p 19, Section 1.1	Implementation of Development Plan is a responsibility of the Bank Sponsor, no Bank Owner	The bank owner has been deleted from the list of responsible parties
C-1: Part I-2.2	p 20, Section 2.2	Bank Sponsor responsible for interim mgmt, not Bank Owner	Text revised to remove reference to interim management in Ownership Status 2.2
C-1: Part I-2.7	p 27 Section 2.7	What about the 1949 SCE easement and well easement? What about the severed mineral rights? Please discuss.	Text revised to include discussion of 1949 SCE and well easements. The mineral rights are not discussed because they are covered by the remoteness opinion and therefore not relevant.
C-1: Part I-4.3	p 35, Section 4.3	Modified to make consistent with discussion in Exhibit F-1.1	Existing text replaced with text from F-1.1
C-1: Part I-7.4	p 51, Section 7.3	These [water/gradient control structures] have not yet been described and there at this point it is unclear what these consist of. Can you cite to the Part and section where these are discussed?	Revised to include reference
C-1: Part I-8.1	p 52, Section 8.1	[Re 'concrete will not be placed in WoS'] What about Waters of the US?	Text added
C-1: Part I-8.2	p. 53-54, Section 8.2.	Moved entire Section 8.2 (Avoidance of Cultural Resources) to Section 14.	Move accepted
C-1: Part I-9	p. 54, Section 9	Retitled section, " <b>MANAGEMENT AND PERFORMANCE MONITORING AND PERFORMANCE STANDARDS IN ENHANCEMENT AREAS</b> "	Heading changed to "Monitoring" rather than "Management and Monitoring"
C-1: Part I-14		NWP #27 condition 3 requires notification of any discovery. Please make this section consist with the permit.	The section has been revised to include notification of any discovery and work stoppage in the area where the discovery occurred until reauthorized by the Corp.
C-1: Part I-14	p 60	Changed reference from State Historic Preservation Officer to Section 106 of National Historic Preservation Act	Edit made
C-1: Part I-14	p 60, new Section 14	Eligibility determinations require SHPO consultation and concurrence. The Corps made a no potential to cause effects. I modified the discussion accordingly.	Change made
C-1: Part I-14	p 60, new Section 14	However, in the event of a discovery, the permit requires work suspension in the area of the discovery and notification to the USACE, and no work can resume until authorized by the USACE.	See response comment RE:NWP #27 above
C-1: Part I-14	p 61, new Section 14	Need to add language per special condition 3 of the permit regarding suspension of work in the area of the discovery and notification to the USACE, and no resumption of work until authorized by the USACE.	See response comment RE:NWP #27 above
C-1: Part I-15	p 61	Removed references to updating LTMP for Adaptive Management	Reference to LTMP removed
C-1: Part I-15	p 61, new section 15	Definition of Adaptive Management needs to match definition in BEI.	Change made
C-1: Part I-16	p 61, Reporting	The annual report in the BEI regarding Bank Development is due November 15. Are you intending to provide separate annual reports – one under the BEI in November and one in December per this Development Plan?	A single annual report will be submitted December 15, as stated in the Development Plan. The BEI has been revised accordingly.
C-1: Part I-17.3	p 62	Edited: IRT <b>USACE, CDFW, and Lahontan Regional Water Board</b> Confirmation <del>The IRT may require a site visit to confirm successful completion of the Bank mitigation activities. It is requested that a minimum of 24 hours' notice be given prior to such a site visit by the IRT. Once the IRT <b>USACE, CDFW, and Lahontan Regional Water Board</b> has reviewed the final report written confirmation of mitigation success would be provided by the IRT at that time. This written confirmation from the IRT will then conclude the performance monitoring for the Bank.</del> <b>and/or conducted a site visit, the USACE, CDFW, and Lahontan Regional Water Board, in consultation with USEPA, will each independently determine whether Bank Compensatory Mitigation activities have been successfully completed and notify the Bank Sponsor in writing</b>	Edit made
C-1:Part II-1.3.6	p 68 Section 1.3.6	[Re adjacent to the Rift Valley] But within the Rift Valley Restoration Site?	"adjacent to the Rift Valley" deleted for clarity.
C-1:Part II-1.5.2	p 70 Section 1.5.2	What's the reference for the wetland Establishment area?	Reference sites apply to the entire restoration site. "for the restore ponds" deleted for clarity.
C-1:Part II-2.2.3	p 72 Section 2.3.2	What measures?	Revised to refer readers to description below.
C-1:Part II-2.3.6	p 73 Section 2.3.6	Did you mean the Petersen Stream Restoration Site? Petersen Stream has not been mentioned.	Revised to refer to Petersen Stream Restoration Site
C-1:Part II-2.4	p 74 Section 2.4	Not all is technically restoration. My fix is to cite Compensatory Mitigation activities instead.	Revised to refer to mitigation activities
C-1:Part II-2.5	p 74 Section 2.5	[Re "The performance of the Petersen Stream Restoration Site will be based on monitoring for appropriate hydrological, physical and biological properties of the re-established areas"] Why only the Re-Established areas? Why not the Re-Established, Rehabilitated and Enhanced areas?	Text updated to include rehabilitated and enhanced areas.

LOCATION OF COMMENT	Page/ Figure	QUESTION/COMMENT FROM CORPS COUNSEL	REVISION MADE
C-1:Part II-2.5.1	p 74 Section 2.5.1	Can you cite to the Part of the document where these AAs are discussed	Reference added
C-1:Part II-3.1.2	p. 77 Section 3.1.2	The Conservation Easement needs to be over all of Area A; however, this section relates to areas specifically outside the Two Restoration Areas. The discussion related to the Two Restoration Sites does not include reference to a conservation easement.	Reference to the CE added
C-1:Part VI-1.3	p 91 Section 1.3	2015 is what is cited in the references.	References are now consistent
C-1:Part VI-2.5.1	p 103/107 PART VII Section 2.5/3.5	Cite reference section or page in lieu of "above" for clarity.	Reference added
C-2: Cost Estimates	1	USACE will need to agree to language and changes in the amounts shown once there are third party contracts in place.	The \$ amounts are final; this language was carried over from earlier draft versions. The text has been revised to remove reference to updating the document.
C-2:Comment	1	There are 2 restoration sites, why are costs not first broken down by site and then totaled?	Engineers estimate will be emailed to the Corps, and reference to this email added to the document.
C-2:Comment	3	Because there 4 restoration sites, why are costs not first broken down by site and then totaled?	See response above
C-2:Comment	3	What about the buried rip-rap at the Turkey Tail Floodplain Restoration Site? What about the rip-rap and boulders at the Joey Stream Restoration Site?	Rip-rap and bolders are included in the cost. Text revised to indicate this.
C-2: text edits	throughout	minor changes to text, new language added in last paragraph: <i>If at any time during the life of the security, the USACE draws upon the Construction Security for a particular phase, the Bank Sponsor will replenish the Construction Security as outlined section VIII.E.1.a.2 of the BEI. Each letter of credit will be released upon completion of the activities covered by that letter of credit pursuant to the relevant requirements outlined in section VIII.E.1.a.3 of the BEI.</i>	Added text included
<b>Exhibit C-2 Construction Security</b>			
C-2: Comment #1	Will need to revisit once finalized.-reference to cost estimate amounts	The amounts are final; this language was carried over from earlier draft versions. The text has been revised to remove reference to updating the document.	No revision
C-2: Comment #2	Table 6	Clarify that line 2.0 in Table 6 includes all earthwork, rock and concrete	Added text included
C-3: Comment #2	3	Add sentence: The USACE will have the right to draw on this security in accordance with section VIII.E.1.b. of the BEI.	Already covered in BEI, but added text
<b>Exhibit C-3 Performance Security</b>			
C-3: text edits	1	Deleted "or other form acceptable to the IRT" & added "Amount" after "Endowment"	Edits made
C-3: Comment #1	Will need to revisit once finalized.-reference to cost estimate amounts	The amounts are final; this language was carried over from earlier draft versions. The text has been revised to remove reference to updating the document.	No revision
C-3: Comment #2	1	Add sentence: The USACE will have the right to draw on this security in accordance with section VIII.E.1.b. of the BEI.	Already covered in BEI, but added text
<b>Exhibit D-1 Interim Management Security</b>			
D-1: Comment #1	1	The BEI states cost estimates should be based on tasks implemented by a third party in present day dollars or equipment prices in present day dollars. I added in this statement to document consideration of the above language from the BEI.	Edit made
<b>ENDOWMENT FUND ANALYSIS AND SCHEDULE (EXHIBIT D-2)</b>			
D-2: Comment #1	1	This amount included long-term management funds and CE compliance funds. The latter is part of a separate endowment held by SRMA and must be deducted from the amount cited here.	CE compliance funds now in separate endowment and subtracted from long-term management endowment fund.
D-2: Comment #2	1	Must adjust to delete all of the Easement compliance costs and update the totals accordingly.  In addition, must modify the assumptions that indicate a "Ranch manager" will be conducting certain tasks. In the BEI, there is no such Ranch manager. The Long-term Management Plan is a responsibility of the property owner.	See response to D-2: Comment #1.  Ranch Manager is employee of property owner. Revised to refer to property owner.

LOCATION OF COMMENT	Page/ Figure	QUESTION/COMMENT FROM CORPS COUNSEL	REVISION MADE
D-2: Comment #3	1	Do the numbers in this table reflect the entire acreage of Area A, including the 320-acre SCE easement area or are the numbers based on 1,066 acres (which does not include the 320-acre SCE easement area? This question relates to both long-term management and CE compliance numbers. My understanding is that WRA prepared the long-term management numbers and SRMA prepared the easement compliance costs. Please provide a letter or email from each that indicate the acreage they considered for Area A in arriving at their numbers.	It includes the entire acreage, which is why the \$ amount from the SCE easement is subtracted from the total amount as described in the first paragraph which was deleted by Corps staff. A footnote has been added to clarify this information.
D-2: Comment #4	1	Same comment as above. It's unclear whether the numbers (CE compliance and long-term management) actually include or do not include the 320-acre SCE area within Area A.	See first paragraph deleted by Corps staff which explained this. See comment D-2: Comment #3
D-2: Comment #5	2	Please provide the calculation breakdown as to how each Endowment Amount was calculated. I'm not arriving at the numbers that were provided, notwithstanding my comment about having to delete the easement compliance costs.	Calculation breakdown for each area has been added.
D-2: Comment #6	2	I don't see where this admin cost was factored in. There is no separate line item on the tables for this cost. Does this relate to long-term management or CE compliance monitoring?	10% admin was added to annual management cost prior to applying 4% capitalization rate to determine endowment amount. Table revised to show this line item.
D-2: Comment #7	2	This amount included long-term management funds and CE compliance funds. The latter is part of the Grantee Duties Endowment, which is a separate endowment to be held by SRMA and must be deducted from the amount cited here.	See response to D-2: Comment #1.
D-2: Comment #8	2	Have to subtract a smaller number from the SCE easement for this endowment amount cited here. Further, you have to delete all CE compliance monitoring from all areas in the spreadsheet. Thus all the amounts must be adjusted.	See response to D-2: Comment #1.
<b>ENDOWMENT AGREEMENT (EXHIBIT D-3)</b>			
<b>TO BE HANDLED BY BRAIDEN AND SRMA</b>			
<b>INTERIM MANAGEMENT PLAN (EXHIBIT D-4)</b>			
D-4:Comment #1	1	Why does this exhibit not have a cover sheet like the development plan and long-term management plan? It needs one.	Cover page added
D-4:Comment #2	1	EXEC SUMMARY:The Development Plan has a comma after Veritas. What is correct - comma or no comma?	Comma added
D-4:Comment #3	1	EXEC SUMMARY:Won't this be implemented per Phase?	Clarification added
D-4:Comment #1	3	Please match definition from BEI.-reference to "Adaptive Management"	Edit made
D-4:Sec 4.1	3	What are these areas? Did you mean Restoration sites?-reference to "bank development areas"	This is an error. The IMP covers all areas of the bank, not just restoration sites (referred to here as the bank development areas). The reference has been deleted.
D-4:Sec 4.1.4	4	Who is this? This is not an entity mentioned in the BEI.-reference to Ranch manager	Ranch manager is an employee of the property owner. Reference to ranch manager changed to property owner.
D-4:Sec 6	6	This date does not match the date in the BEI. Is there a reason for the difference?	A single annual report will be submitted December 15, as stated in the Development Plan. This IMP and the BEI have been revised accordingly.
<b>LONG TERM MANAGEMENT PLAN (EXHIBIT D-5)</b>			
D-5:Sec 2.1.6	6	What about the other easements, such as well easement and other utility easement held by SCE? What about the severed mineral rights?	Text revised to include discussion of 1949 SCE and well easements. The mineral rights are not discussed because they are covered by the remoteness opinion and therefore not relevant.
D-5:Sec 3.1.3	13	Why do you send the reader to Section 8 for this property yet for the Elizabeth Lake property description you don't. Please be consistent.	Elizabeth Lake property description revised to refer readers to Section 8.
D-5:Sec 7	31	This is required in any part of the Bank Property. Please fix.-reference to cultural resource protections	No archaeological deposits or artifacts were discovered
D-5:Sec 7	31	Please include language from special condition 3 of the NWP #27 verification.-cultural resources protections	The section has been revised to include notification of any discovery and work stoppage in the area where the discovery occurred until reauthorized by the Corp.
D-5:Figure 4	37	Figure 4 states the USDA road easement is to be abandoned. The discussion states it would be relocated. Please fix.	Easement has expired, this language has been deleted

LOCATION OF COMMENT	Page/ Figure	QUESTION/COMMENT FROM CORPS COUNSEL	REVISION MADE
D-5:Appendix B	App. A: 4	Who is this? This entity is not a signatory to the BEI.-reference to ranch manager	See response to comment D-4 Sec 4.1.4
D-5:Appendix B	App. A: 7	Again who is this?	See response to comment D-4 Sec 4.1.4
D-5:16	App. A: 8	Not sure I follow. Eventually there will be Conservation Easements over the entire Bank. Did you mean to say that this plan will be implemented over the entire Bank Property, even before Conservation Easements are recorded over all of it?	Language has been modified in grazing plan to add clarification
Bank Closure Plan (Exhibit D-6)			
D-6: text edits	Entire	Replaced text of entire exhibit with exact BEI language	Edits made
PAW (EXHIBIT E-2)			
	1	ALL CORRECTIONS AND CLARIFICATIONS SUGGESTED BY CORPS EITHER MADE OR RESOLVED	
CONSERVATION EASEMENT (EXHIBIT E-4)			
		FINAL CE SUBMITTED TO SRMA BOARD FOR APPROVAL	
CREDIT EVALUATION (EXHIBIT F-1)			
F-1:1	1	Do they [easements] conflict with the purposes of the CE?	Clarification added
F-1:2	1	All of the easements or just the 187.25 acres of easements? Please clarify.	Clarification added
F-1:3	1	Changed to match the definition provided in the development plan.	Edit made
CREDIT RELEASE SCHEDULE (EXHIBIT F-2)			
CREDIT SALES AGREEMENT (EXHIBIT F-3)			
F-3: 1		This needs to be Exhibit F-2, consistent with the BEI	Revised to be F-2
CREDIT LEDGER (EXHIBIT F-4)			
F-4: 1		NO CHANGES ACCEPTED	
DELINEATION (EXHIBIT I)			
I-1: 1		NO CHANGES ACCEPTED	